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**WOMEN & CHILD DEVELOPMENT AND MISSION SHAKTI DEPARTMENT**

**RESOLUTION**

The 27th June, 2019

**Sub: Guidelines for “Mission Shakti Loan”– Interest Subvention Scheme for Women Self Help Groups (WSHGs)**

**1. Overview:—**

Odisha is one of the pioneer states in the Women’s Self Help Group movement in the country through which there has been remarkable progress in empowerment of women in the State. Since 2001, “Mission Shakti” has been a noteworthy endeavour for women’s empowerment in the State of Odisha. Under Mission Shakti, the SHG-Bank Linkage Programme is a major Financial Inclusion initiative, aiming at ensuring access to institutional credit by Women Self Help Groups, thereby promoting sustainable livelihoods.

In recognition of women members’ efforts towards entrepreneurship at SHG level, the State Government announced the Interest Subvention Scheme for Women Self Help Groups (WSHGs) with effect from 1st April, 2013, making the effective rate of interest as 2% for loans up to Rs. 3 lakhs. Subsequently, considering the growth in credit off take of SHGs and to further reduce the interest burden, to encourage SHGs to invest more capital in livelihood activities, the effective annual interest rate was reduced to 1% for women SHGs in the State, for loans up to Rs 3 lakhs from 1st April, 2015. In the meantime, the State Government has approved to provide **interest free loans i.e. at 0% per annum for Women Self Help Groups**, for loans up to Rs. 3 lakhs effective from 1st April, 2019 to accelerate the SHG bank linkage programme in the State and to further livelihood promotion of women SHGs.

For better visibility, creation of greater awareness among WSHGs, increased response of banks to SHG Bank linkage and improved monitoring, the State Government has renamed the Interest Subvention Scheme as **“Mission Shakti Loan”** – Interest free loan for WSHGs.

## 2. Objectives:—

- 2.1. To reduce the interest burden on WSHGs.
- 2.2. To enable WSHGs to invest more capital in livelihoods activities resulting in improved quality of life.
- 2.3. To enhance credit access to WSHGs at an affordable cost, to meet their credit requirement, creating an enabling environment for enhancing productivity and reducing vulnerability.
- 2.4. To inculcate prompt repayment culture among WSHGs availing credit from Banks.

## 3. Target:—

The **Mission Shakti Loan** (State Interest Subvention Scheme) is aimed at benefiting all prompt and regular repaying WSHGs functioning in the State of Odisha (**both rural and urban areas**), irrespective of their promoting agency.

## 4. Interest Rate:—

- 4.1. The effective rate of interest for all WSHGs will be **at 1%** per annum only on prompt and regular repayment for a loan. This benefit is available for loans up to Rs. 3 lakhs. Beyond loan limit of Rs. 3 lakhs, Banks will charge the usual lending rate. This is applicable from 1st April, 2015 to 31st March, 2019.
- 4.2. From 1st April, 2019 the effective rate of interest to WSHGs for loans up to 3 lakhs will be at **0% (interest free)** with other conditionalities remaining the same.

## 5. Period of Implementation:—

WSHGs, who have outstanding loans as on 1st April, 2009 and availing loan on or after 1st April, 2009 and repaying promptly are eligible for benefit under the Mission Shakti Loans at 0% interest rate per annum from 1st April, 2009.

## 6. Participating Banks:—

Scheduled Commercial Banks (Public Sector Banks, Private Sector Banks, and Regional Rural Banks) and Co-operative banks, who are operating on the Core Banking Solutions (CBS) can participate and avail the interest subvention under the scheme.

## 7. Implementation:—

- 7.1. To reduce the interest burden on all Women SHGs (both rural and urban) and to enhance the economic viability of their livelihoods activities, Government of Odisha has extended Interest Subvention benefit bringing down the effective rate of interest to 0% (Interest free) per annum for prompt & regular paying WSHGs. The benefit will be available up to Rs.3 lakhs. Excess of loan amount above Rs.3 lakhs, will be charged at normal rate of Bank interest.

- 7.2. To administer “Mission Shakti Loan”, a dedicated SHG Bank Linkage and Interest Subvention MIS portal will be created covering all Banks of the State for better monitoring and on time delivery of the Mission Shakti Loan benefits to WSHGs.
- 7.3. Willful defaulters of Women SHGs may not be financed under this scheme. The willful defaulter of the Groups shall not generally get benefit of further assistance until the outstanding loans are repaid. In case of defaulters due to genuine reasons, Banks may follow the norm suggested for restructuring the account with revised repayment schedule of RBI. However, the WSHG loan should not be linked to the loans of Individual members or their family members.

## **8. Prompt/ Regular Repayment:—**

### **8.1. For Cash Credit Limit:—**

- i. Outstanding balance shall not have remained in excess of the limit/drawing power continuously for more than 30 days.
- ii. There should be regular credit and debit transactions in the account. In any case there shall be **at least one customer induced credit during a month**.
- iii. **Customer induced credit** should be sufficient to cover the interest debited during the month.

### **8.2. For the Term Loans:—**

A term loan account, where all of the interest payments and/or instalments of principal were paid within 30 days of the due date during the tenure of loan, would be considered as an account having prompt payment.

## **9. Nodal Agency and Nodal Officer:—**

Directorate Mission Shakti will be the **Nodal Agency** to implement the “Mission Shakti Loan” (State Interest Subvention Scheme). Commissioner-*cum*-Director, Directorate of Mission Shakti, will be the Nodal officer for the scheme. The existing human resources engaged under the Directorate of Mission Shakti shall be utilized to roll out the scheme in the State. As the nature of work is technical in nature to monitor online transactions, support of outside consultants/agency will be taken from time to time as per the requirement.

## **10. Role of the Banks:—**

All Banks who are operating on the Core Banking Solution (CBS), are required to furnish the details of Credit disbursement and Credit outstanding of the WSHGs across all Districts in the desired format as suggested by the Directorate of Mission Shakti directly from the CBS platform (through FTP or Interface). The information should be provided on a monthly basis to facilitate the calculation and disbursement of the Interest Subvention amount to WSHGs.

## **11. Data Sharing:—**

Data sharing on a mutually agreed format/interval may be provided to the Directorate of Mission Shakti for initiating various strategies including recovery etc. The financing banks are advised to regularly share data on loans to WSHGs & prompt / regular repayment with the Directorate, Mission Shakti, directly from the CBS platform, till the installation and stabilization of Mission Shakti Interest Subvention portal. Thereafter, the data has to be uploaded directly from CBS platform by Banks to facilitate calculation and release of interest subvention to eligible WSHGs.

## **12. Settlement of Claims:—**

The settlement of claims of the banks would be done on quarterly basis.

- 12.1. After disbursement of “Mission Shakti Loan” to the WSHG, the Controlling Heads of the Bank operating in the state will send details of disbursed loan cases to Directorate Mission Shakti periodically.
- 12.2. Banks shall claim the interest subvention amount from the Directorate of Mission Shakti for prompt payee WSHGs to make the effective rate 0% per annum for WSHGs. This shall be submitted on a quarterly basis.
- 12.3. The claims submitted by Banks for the last quarter of the accounting year shall be accompanied by the Statutory Auditor’s Certificate (in original) certifying the claims for subvention as true and correct as per the prescribed format for interest subvention claims for loans under this component.
- 12.4. Any claim pertaining to the disbursements made during the financial year and not included in the report during the year, may be consolidated separately and marked as an 'Additional Claim' and submitted to Nodal Agency latest by June every year, duly certified by Statutory Auditors on time and correctness.
- 12.5. Any corrections in claims by PSBs and Pvt. Sector Banks shall be adjusted from later claims based on auditor’s certificate. The corrections must be made on the MIS portal accordingly.
- 12.6. Interest subvention under “Mission Shakti Loan” will be to the extent of difference between the lending rate and 0% per annum to be released by the Directorate of Mission Shakti, directly to the WSHGs’ accounts through the Nodal Banks on quarterly basis. Concerned Nodal Banks shall not claim the same amount from any other agency. In case the loan account is already closed, or e-transfer to the loan account is not successful due to any reason, the subvention amount may be transferred to the corresponding saving account of the concerned WSHG.

- 12.7. Pending uploading in the Mission Shakti interest subvention portal, banks shall submit claims in physical form on quarterly basis with a list of eligible WSHGs in soft copy for release of interest subvention. On release of amount to all WSHGs, bank would submit a utilization certificate (in the prescribed format devised by Directorate of Mission Shakti). Any unutilized amount would be returned to Mission Shakti with list of concerned WSHGs with reasons.

### **13. Source of Funding:—**

The project cost of Interest Subvention will be met from the State Plan.

### **14. Monitoring:—**

- 14.1. Directorate of Mission Shakti, State Level Bankers' Committee & Bankers will conduct sensitization programmes on Mission Shakti Loan among bankers, staff and other stakeholders for successful implementation of the scheme.
- 14.2. Financial Literacy programme will be organized on a regular basis for WSHGs to sensitize them on "Mission Shakti Loan". SLBC will also organize Financial Literacy workshop, regular women SHG-Bank Interface Meet and joint recovery camps with the support of Banks and other Government agencies.
- 14.3. A 360° communication Strategy for Interest Subvention under "Mission Shakti Loan" will be rolled out by Directorate Mission Shakti.
- 14.4. Data sharing will be through Core Banking Solutions platform by PSU Banks, RRBs, Co-operative Banks & Private Banks.
- 14.5. Monitoring of Interest Subvention claims under "Mission Shakti Loan" would be conducted every quarter on the basis of report submitted to the Directorate of Mission Shakti / Nodal Banks which shall be Bank-wise and District wise for better monitoring of the Scheme.
- 14.6. The Rural and Urban Sub-Committee of SLBC at State Level, similarly at District and Block level the DCC & BLBC shall monitor the scheme. Directorate of Mission Shakti will conduct periodic (monthly/Quarterly) review and hold meetings for effective implementation of the Scheme.
- 14.7. A State level joint monitoring committee shall be formed for effective implementation of the programme with all stakeholders including banks.
- 14.8. A dedicated portal for "Mission Shakti Loan" will be designed in due course in consultation with Bankers and accordingly, all the Banks will consolidate data on Bank Linkage and Interest Subvention amount from their database and upload the same on the portal. Till such arrangement, the existing practice of data sharing and claim settlement process shall be followed.

14.9. Once, the portal is in place, the detailed modalities shall be shared with the banks for effective implementation of the programme.

14.10. The best performing Banks and Districts shall be rewarded at State and District level on International Women's Day (IWD) celebration for outstanding performance and implementation. Detailed Standard Operating Procedures (SoP) for selection of best Bank and District will be issued separately.

**15. Flow of Funds:—**

Government of Odisha —→ W&CD and MS Department —→ Directorate Mission Shakti —→ Nodal Banks —→ WSHG

**16. Audit and Evaluation:—**

Audit will be conducted through the internal audit wing of the Department to see that funds reach to WSHG. Mid-term evaluation of the scheme will be conducted by the Department through a 3rd party agency.

**17. Miscellaneous:—**

17.1. In case of any clarification, on any provision of this resolution, the matter shall be referred to the Government and the decision of the Government in Women & Child Development and Mission Shakti Department shall be final.

17.2. Government in the Department of Women & Child Development and Mission Shakti can make any modification & alteration that requires for smooth and effective implementation of the scheme.

**ORDER**

It is ordered that this Resolution be published in the Extraordinary Gazette of the Government of Odisha for the general information of public and copy be communicated to all the Departments of Government/all Heads of Departments / all Collectors and Other concerned.

By Order of the Governor

CHITHRA ARUMUGAM

Commissioner-cum-Secretary to Government